

CAR BUYER *Financing* JOURNEY

APRIL 2022

COX
AUTOMOTIVE™

Research & Market Intelligence



Study background and methodology

Background:

Cox Automotive has been researching the car buyer journey for 12 years, and now, for the first time, diving deep into the financing aspect of the process.

Methodology:

We surveyed **3,050 consumers** who financed the purchase or lease of their vehicle in the past 12 months

2,116 New vehicle buyers and **934** Used vehicle buyers

To qualify, they must be **18+ years old** and have used the internet during their shopping process

Survey was conducted October 7 – November 16, 2021

Research Objectives:

- ✓ Understand the consumer financing journey including steps taken, resources used, satisfaction, etc
- ✓ Identify lenders considered and used, and the lender selection process
- ✓ Determine what steps consumers take online versus in person, and comfort level/concerns with financing online

Financing

Over a third of time spent in the shopping process is dedicated to financing activities

Total Time Spent
(hr:min)

12:19

Total

10:57

New Buyer (A)

12:52^A

Used Buyer (B)

*Base: Buyers who financed (excludes cash buyers)
Letters indicate significant difference between groups at the 95% confidence interval*

% of Time Spent on Financing Activities

18%

Research Options

12%

Secure Loan

6%

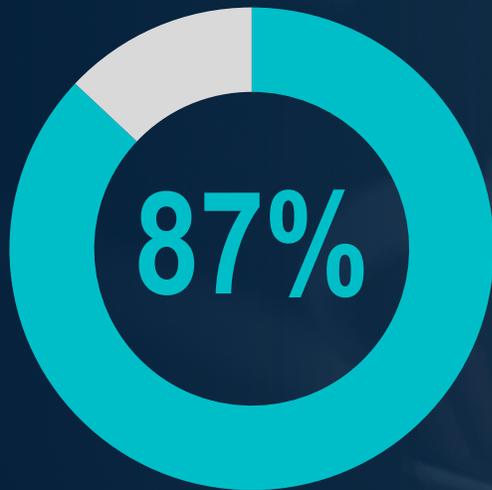
Sign Contract

No differences between new & used buyers

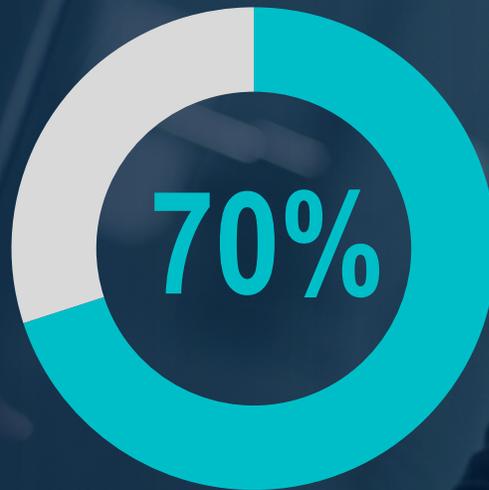


Nearly all buyers made time to explore their financing options

% researched financing prior to purchase



% considered 2+ lenders*



86%

New buyer (A)

88%

Used buyer (B)

64%

New buyer (A)

71%^A

Used buyer (B)

*Among purchasers (excludes lessees)
Base: Buyers who financed (excludes cash buyers)
Letters indicate significant difference between groups at the 95% confidence interval

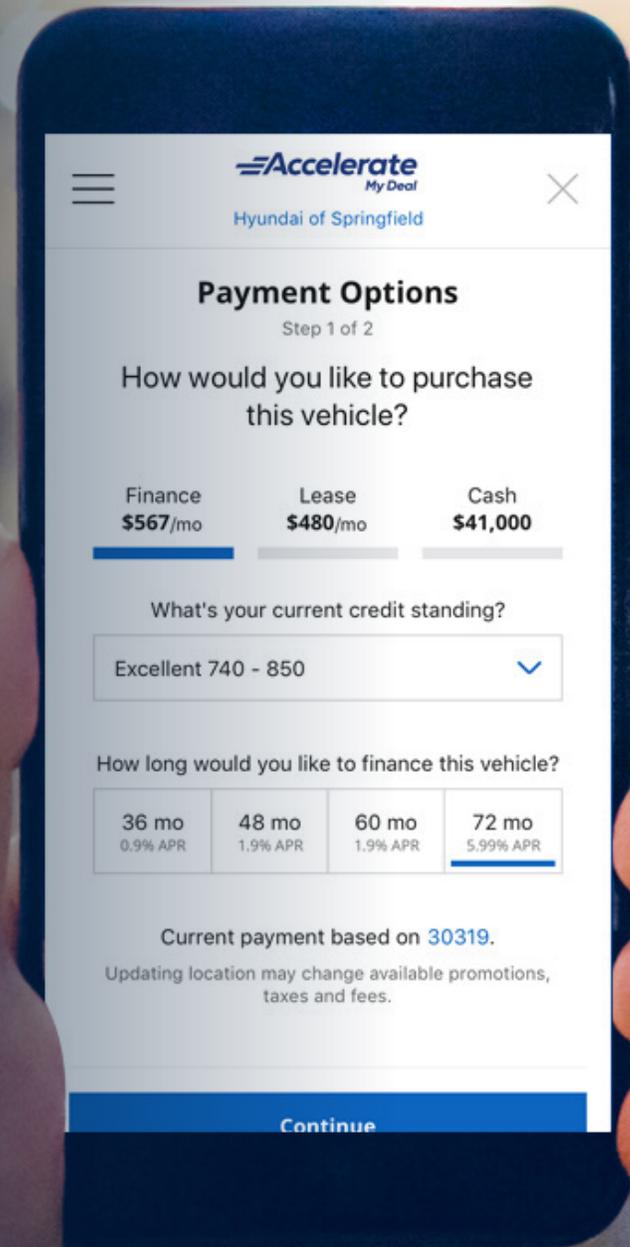
Estimating monthly payments and comparing interest rates were key to the research process

Most Helpful Info When Researching Financing

#1 MONTHLY PAYMENT **86%** Calculated monthly payments*
New (87%) vs. Used (85%)

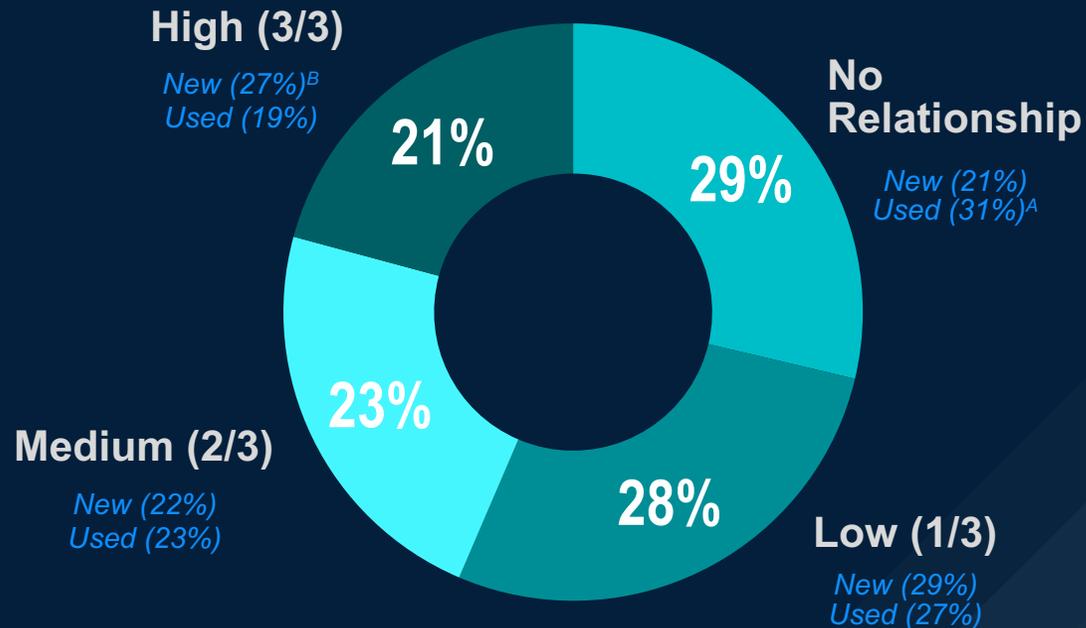
#2 INTEREST RATES **76%** Compared interest rates*
New (77%) vs. Used (76%)

*Among purchasers (excludes lessees)
Base: Buyers who financed (excludes cash buyers)



Many have an established relationship with the lender they considered first

Level of Association with Lender Considered First Among Purchasers*



57%

Currently have a **checking/savings account** with the lender

New (65%)^B vs. Used (55%)

48%

Have used the lender for **automotive loans** in the past

New (60%)^B vs. Used (45%)

39%

Have used the lender for **non-automotive loans** in the past

New (50%)^B vs. Used (37%)

*excludes lessees

Base: Buyers who financed (excludes cash buyers)

Letters indicate significant difference between groups at the 95% confidence interval: New (A), Used (B)

High: Has all 3 (checking/savings account, automotive loan, and non-automotive loan) with the lender.

Medium: Has 2 out of 3 with the lender.

Low: Has 1 out of 3 with the lender.

No Relationship: Has 0 out of 3 with the lender.

Buyers who complete key financing steps online save precious time at the dealership

Average Time Saved at Dealership

30 MIN

Applied for financing online

38 MIN

Signed paperwork online

Satisfied with Time Spent at Dealership

APPLIED FOR FINANCING

SIGNED PAPERWORK

60%^B

52%

67%^B

53%

Online (A)

In-Person (B)

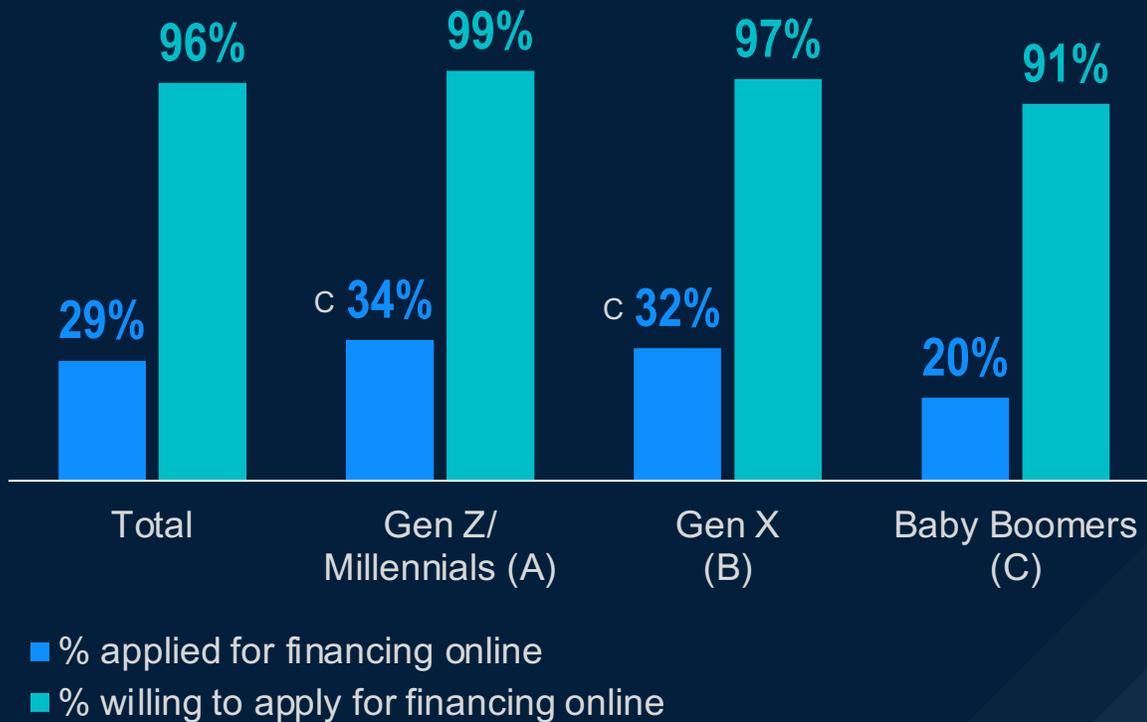
Online (A)

In-Person (B)

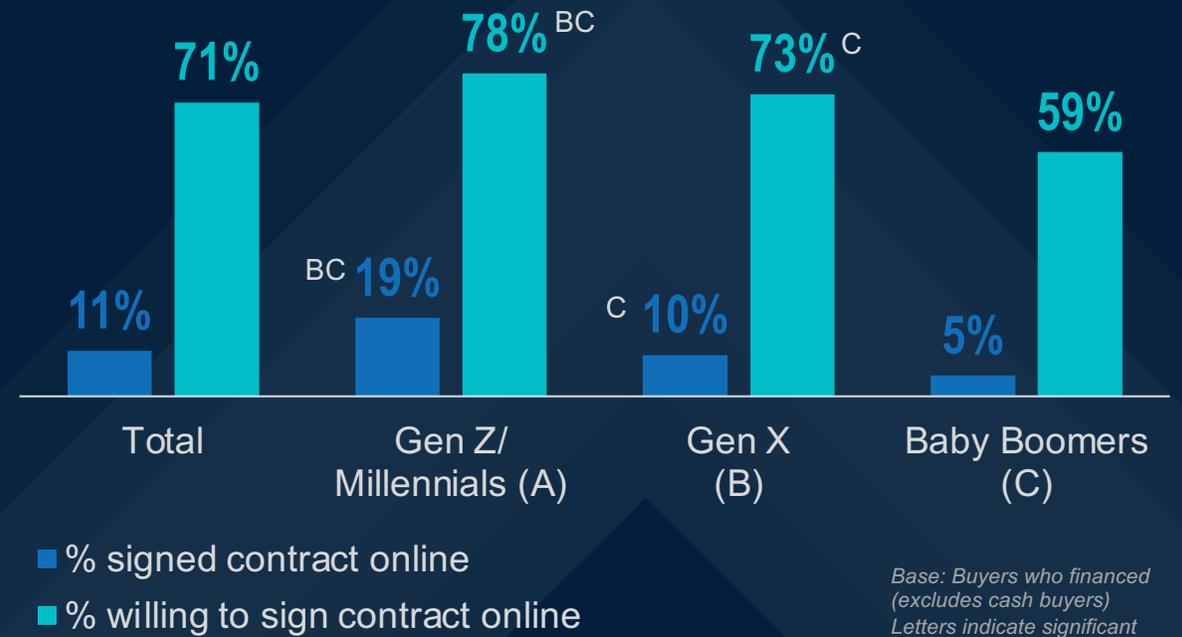
Base: Buyers who financed (excludes cash buyers)
Letters indicate significant difference between groups at the 95% confidence interval

Nearly all buyers are willing to complete key financing steps online

Applying for Financing Online



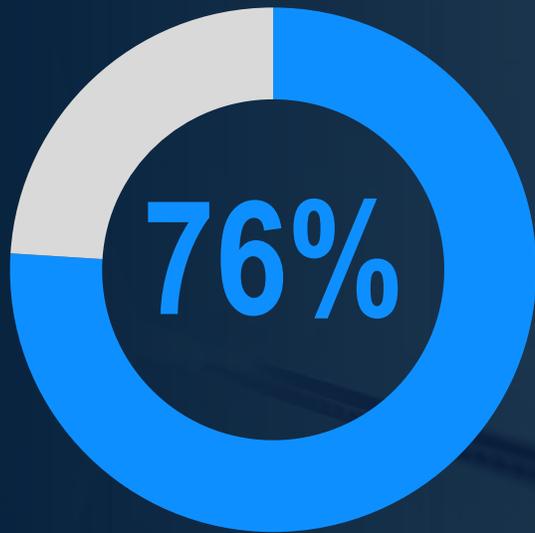
Signing Contract Online



Base: Buyers who financed (excludes cash buyers)
Letters indicate significant difference between groups at the 95% confidence interval

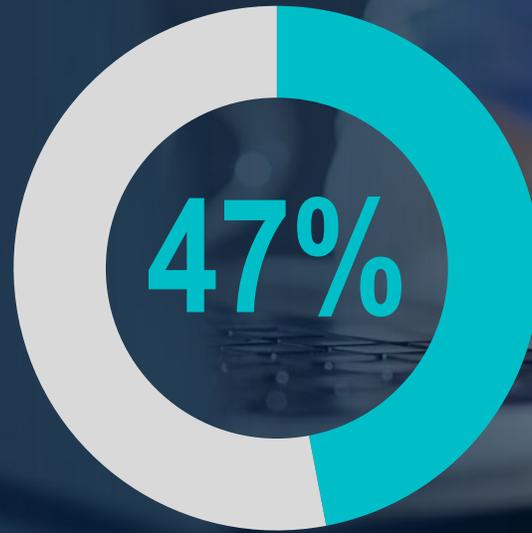
Many buyers are open to buying a vehicle completely online from a dealer, and nearly half are open to buying online directly from a lender

**% Open to Buying
a Car Online**

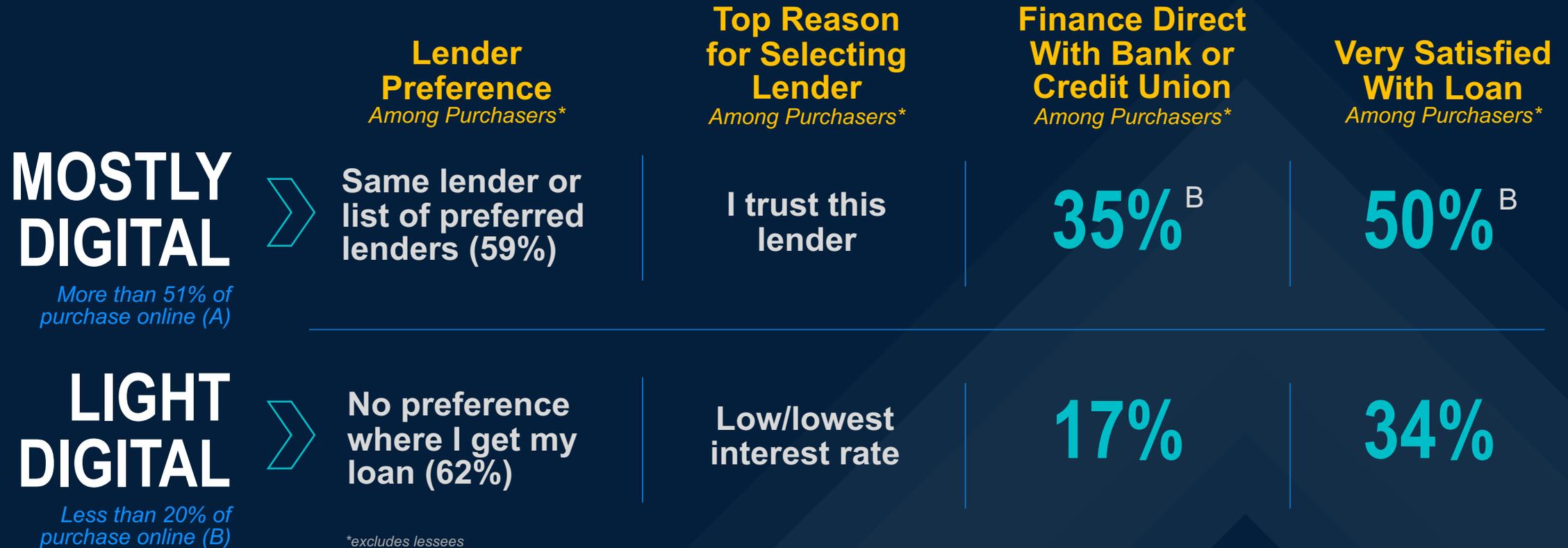


*Base: Buyers who financed
(excludes cash buyers)*

**% Open to Buying
a Car Online
From Lender**



Mostly Digital Buyers have a stronger relationship with their lenders, resulting in more direct financing and higher loan satisfaction



**excludes lessees
 Base: Buyers who financed (excludes cash buyers)
 Letters indicate significant difference between groups at the 95% confidence interval*

Five Key Takeaways

- 1. *Car buyers spend significant time on vehicle financing.*** Nearly all car buyers explored their financing options before visiting a dealership. Over a third of the time in the shopping process was spent dedicated to financing activities.
- 2. *Strong relationships matter.*** Many car buyers have an established relationship with the lender they considered first. Mostly digital buyers have stronger loyalty to their lenders.
- 3. *Vehicle affordability is paramount.*** Monthly payments and interest rates were considered the most helpful information when researching financing.
- 4. *Digitization positively impacts time spent and satisfaction.*** Mostly digital buyers spent more time researching and securing their loans online and less time at the dealership.
- 5. *Many buyers are open to buying a vehicle completely online.*** 76% are open to buying online, and 47% are open to buying online from a lender.